

# Indiana House of Representatives

## News and Information

*Media Office*

*Democratic Caucus*

*John Schorg, Director*

*Statehouse, Room 157*

*Indianapolis, Indiana 46204*

*1-800-382-9842 or 1-317-232-9621*

*Fax Number: 1-317-232-9792*

**FOR IMMEDIATE RELEASE:**

**January 18, 2005**

### **PELATH ON STATE OF STATE: INDIANA MUST GUARD AGAINST OVERREACTION**

INDIANAPOLIS – While State Rep. Scott Pelath (D-Michigan City) believed Gov. Mitch Daniels was articulate in his maiden State of the State Address, he voiced concerns about the desperate picture of Indiana painted by the new chief executive.

“Gov. Daniels obviously holds some strong beliefs about the direction of Indiana,” Pelath said. “After only a week on the job, no one doubts who is in charge.”

Mirroring the practice of U.S. Presidents giving State of the Union addresses before Congress, Indiana governors give their State of the State speeches before a packed, joint session of the General Assembly. With state lawmakers, Supreme Court justices and members of the public looking on, the address invariably serves as a key opportunity for governors to highlight their policies and priorities for the coming year. It also is a unique chance for citizens to gain some insight into the vision and philosophies of their top elected leader.

“I am sure the governor’s words will satisfy the expectations of some who helped elect him,” Pelath said. “However, I do not concur with his assessment of our situation.”

Because of the state’s fiscal situation, the governor advocated cuts in K-12 education for many Northwest Indiana school corporations and major reductions in Medicaid, mixed with income tax increases on individuals. Also included in the plan was a proposal to cap state dollars used for property tax relief. Pelath said the state’s revenue collections have been on the upswing since the middle of last year, and such draconian steps go too far.

“Like most other states, there is no question that national economic conditions took their toll over the past few years. Tough work lies ahead,” Pelath said. “On the other hand, you cannot craft a fair budget by saying things are far worse than they actually are.”

For the current fiscal year, Pelath said the state’s reserves already have grown from around \$60 million to \$643 million. Furthermore, the structural deficit for the present budget recently has shrunk by \$200 million through stronger economic growth. The non-partisan Revenue Forecast Technical Committee estimates that state revenues will increase by \$1 billion over the next biennium simply from businesses growing and more people getting back to work.

“This isn’t the Cuban Missile Crisis,” said Pelath. “The state’s finances are improving, and this is no time to grossly overreact by cutting funding for LaPorte County schools and raising more taxes.”

